

A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

The importance of measuring impact for social investment.

Case of children focused programs in Polish context.

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Abstract

The objective of this paper is to examine what are the processes of impact measurements in service organizations, foundations and social investors and to learn whether organisations measure their impact, how do they do it, and whether their impact range has any influence on the financing side of their actions. What are the misalignments of expectations between investors and investees regarding the impact measurement? If there is a mismatch between what investors want and what investees can implement, is there a way to change a paradigm? This research had an exploratory character and was conducted in the context of organisations working in Poland as well as foundations with global outreach focused on children development and education.

Keywords: *impact, impact measurement, social investment, performance evaluation*

1. Introduction

Measurement primarily is the key to accelerating and scaling impact. (Epstein, 2014) It helps to create a culture of learning and innovation, boosts professional development, improves communication and increases reputation for transparency, trust and efficiency. Trustworthy evaluation supports tailoring, amending, shutting down or expanding programs and projects, while simultaneously it provides outcomes to communicate and can be useful in sustainability reporting. While projecting and measuring financial and organisational results is commonplace, most service organizations find social impact measurement significantly more challenging. To meet both internal and external demands for performance and progress information, organizations need more guidance in this matter. (EVPA, 2015)

Another problem is realizing the difference between performance and impact in our measurements and assessments - namely, do investors choose the programs based on their scale (i.e. how many people did we affect?) or scaling potential (how many people we can affect in the future?), their reach (i.e. how much publicity coverage did we get) or their

broader influence (i.e. have we created local empowerment or dependence on our model)? (Kim, 2015)

Due to proximity to Polish non-governmental educational organisations and to the large number of those working in the field – 15% of Polish non-governmental organisations work in education (Klon/Jawor, 2015) – the research context of this Work Project are organisations working and operating in Poland in childhood development and educational programs as well as foundations with global operations. Measuring childhood development is currently critical for policymakers, development organizations, and other actors, which are willing to have information about how to develop new programs and how to build networks between different stakeholders in the topic. (Fernal et. al, 2017)

One of the targets of socially driven organisations is to maximize positive impact spectrum. Impact is defined as a marked effect or influence of our actions. It can have both positive and negative sides and tangible or intangible consequences. For the purpose of this paper, the impact is defined in a broad sense as the change generated by an investment. Impact measurement on the other hand, as the activities organizations take to evaluate and report on the social change generated. The focus of this Project is to understand the bottleneck around expectations between what investors want and expect in terms of impact and what investees think is feasible in order to understand whether it is possible for organisations to get better access to funding via more profound impact assessments. This area was not sufficiently explored in the literature nor by the academic and there is not a lot of available knowledge – the research had exploratory character on the will of better understanding the topic.

2. Literature review

Many reports and studies mentioned in this literature review (i.e. European Commission (2014), OECD (2015) European Venture Philanthropy Association (2013) Harvard Business Review (2015)) claim that impact measurement influence access to social investment but at

the same time there are no studies found which would showcase that phenomena. Recognizing the larger context of recent research and publication – much of the research has been done in terms of general discussion, approaches and tools used in the process as well as evaluation of projects – this Work Project focuses on how impact measurement influence organisations themselves.

In order to make the literature review comprehensive several frameworks and methodologies have been reviewed in the topic of social impact and assessment methodologies in the field of early childhood development on both policy and organizational level and the state of non-governmental organisations operating with and financing programs intended for children development on global, regional and local scale. This shows how broad and detached is literature on impact measurement and how many different perspectives can be taken into account when talking about impact.

a. International institutions perspective

Early childhood development has profound impact on brain development – affecting learning, health, behaviour and ultimately – income. (World Bank, 2016). Importance of children development was recognized in Sustainable Development Goals, target 4.2: *by 2030 ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.*

Accordingly with The Lancet (2016a & 2016b) over the past few years community around the world has been building up a consensus around the need to invest in new ways of rigorous evaluations and repositories for shared findings. 4.2 SDG target is the only one where two global indicators were proposed: the participation rate in pre-primary education and the proportion of children who are developmentally on track. This reflects both on great interest in early learning but also on uncertainties over feasibility of measuring childhood development. (Global Education Monitoring Report, 2016).

Conceptual frameworks have been developed by international institutions such as MICS administered by UNICEF or global indicator ECDI (Early Childhood Development Index) administered in 50 countries (MICS, 2017). Joint leadership from the Brookings Institution, the World Bank, UNICEF and UNESCO created MELQO (Measuring Early Learning Quality and Outcomes) (Raikes, 2017). The World Bank has also developed SABER (*System Approach for Better Education Results*), which collects, synthesizes, and disseminates information on ECD to enable policymakers, World Bank Group staff, and development partners to learn how countries address similar policy challenges.

European countries at the same time, face their own challenges with, as well, turn to performance-based investment in education. The priorities of European Commission are to develop policy guidance, data and research and to promote European funding. According to the final report from A *Great Start in Life* conference without a national, regional or local system there is a risk that too much data will be collected. (European Commission, 2017)

The Polish Educational Research Institute ran a program “Quality and effectiveness of education strengthening of institutional research capabilities” the goal of which was to improve the use of research finding in educational policy, management and practice. The report published in 2013 allows us to understand specificities of Polish educational system and its nuances. There are studies demonstrating that the impact of cooperation with external institutions, apart from playing certain basic functions, i.e. educational or welfare, may become a way for solving certain problems of schools, e.g. enable their embeddedness in the local environment. (Hernik et al. 2012)

b. Organisational perspective

Several universal tools have been developed in order to allow organizations measure their impact in comprehensible and comparable way, among them expected return methods, (SROI), theory of change, mission alignment methods, experimental and quasi experimental

methods, participatory methods or system mapping. They are all available in literature targeted at social enterprises and non-profits, like reports framed by European Commission (2014) and OECD (2015). Even though they're not mutually exclusive, they differ in speed, resources required to deploy them, stage at which they're most useful, rigour and level of impact taken into account. Most of them focus on measuring performance, some try to grasp progress and impact of implemented projects.

On the other hand, literature also targets social impact from the point of view of impact investor: European Venture Philanthropy Associations *Practical guide to measuring and managing impact* (2013) or Harvard Business Review's *Measuring the impact in impact investing* (2015). In order to better understand the reasons behind impact investors interest in assessment we could also have a look at Global Impact Investing Network Annual Investor Survey in which, among others, investors answer to the questions in regard to impact measurement practices. The results indicate investors gain more interest in impact assessment that allows them to understand and improve performance and not only to use it as a reporting and communication tool. (GIIN, 2016).

Acumen, non-profit global venture fund, went step further by establishing its own Lean Data tool which by use of low-cost technology allows social entrepreneurs around the world to follow up with surveys. Acumen fund faced the problem in which monitoring and evaluation mindset was focused on satisfying researchers, institutions and donors instead of customers of organisational work. (Acumen+, 2018)

There is evidence of efforts of developing early learning measures for program evaluation such as Save the Children's IDELA (International Development and Early Learning Assessment) tool, exclusively designed for the purpose of organizational work. (Pisani L., 2014). As a foundation Save the Children was looking for effective programs with strong evidence, so it developed a tool which can be used for program evaluation, randomized

control trials (RCT), comparison of different ECD interventions, school readiness as well as national monitoring of ECD programs. (IDELA, 2018)

The Centre of the Developing Child at Harvard University also proposes measurement methods built on the basics of precise theory of change. This study recommends using micro-trials, short cases and small durations mid-tests instead of RCTs which are extremely costly and unfeasible for some of the organizations. The Centre provides case studies. The same method has been also proposed by the FSG consultancy in *Early wins in early childhood* (2015). Furthermore, Harvard University study points out issues in regard to philanthropy practices in ECD which in pursue of best practices often miss the opportunity for the kind of grant-making that drives transformational progress through sustained investment in the entrepreneurial design, testing and scaling for new ideas. (Centre of the Developing Child at Harvard University, 2016).

c. Polish organisational perspective

Polish non-governmental sector is relatively young and underdeveloped due to lack of traditions related to philanthropy. At the same time, in last 20 years, the volume of funds obtained by organizations increased threefold. In proportion to the surge in available funds, the requirements related to their availability also increase. Given the fact that there are more and more organizations, competition for results becomes inevitable. (Furdzik et al., 2015)

Polish Donors Forum report (2015) on standards of corporate foundations outlines the importance of regular evaluation that takes into account perspectives of various stakeholders, both at the stage of determining the objectives and scope of the study, as well as and gathering information and formulating conclusions. Another study realized by the Forum (Goldys et al., 2017) points out that the assessment of the effects of social programs is not a novelty in Poland. The demand for a systematic and professional evaluation has appeared with the European pre-accession funds and accompanies all interventions financed from EU funds.

Over the past two decades, the public administration has created a comprehensive evaluation system. These changes indirectly affected also the non-governmental sector, providing examples of practices, while consolidating the belief that evaluation is part of professional management. However, the non-governmental sector has not been subjected to comparable pressure and development in this area proceeded more slowly. In public grant programs for non-governmental organizations, the assessment of effects is the exception rather than the rule as the formal and financial side of supported ventures is usually the first.

The number of sources of financing for service organizations as well as number of interconnections between business and third sector is increasing. There are 17 thousand foundations registered in Poland and 86 thousand associations, out of total 103 around 70 thousand is active. However, 51% of all non-profits in Poland in march of 2015 did not have half of the budget secured for next 10 months of the year. (Klon/Jawor, 2015) In those circumstances only a limited number of those has a possibility to run evaluations as thinking in medium term, required for measuring impact, is very limited. The problem has been brought up in literature on topic of comprehensive impact assessment such as Marc Epstein' *Measuring and improving social impacts: a guide for nonprofits, companies and impact investors* (2014) in which the author highlights threats incorporated in the process of impact investment itself - with variety of social impacts being measured by qualitative and quantitative methods and variety of organisational structures within organisations impact assessment becomes a task which is not feasible for everyone.

Keeping that in mind Polish Ministry of Culture and National Heritage in cooperation with The Unit for Social Innovation "Shipyard" published an evaluation guideline for the implementers of cultural education projects as a set of simple tips and recommendations. It answers frequently asked questions: how to prepare a project for evaluation or how to successfully carry out the project and how to use its results wisely? The publication is also

accompanied by ready-made tools that will help in the implementation of the difficult task of evaluation while working with little children in small-scale programs. (MKiDN, 2013)

d. Impact of impact assessments

Limited literature has thus far showcased a wide breadth of organizations and their approaches to measuring impact. Much of the development is happening in an uncoordinated fashion: the tools are being developed, big philanthropies come up with new methodologies, governments publish evaluation guidelines, international organisations create frameworks across countries. From the perspective of small or medium service organisation those advancements do not influence in any evident way, the social change. In the report of the report *Roadmap for the future of impact investing* (GIIN, 2018) we can read that impact investment has already build a marketplace. However, even in this specific case of impact investment, there are no proofs that effective assessment will allow to get better funding for projects.

3. Methodology

In order to review whether impact assessment methodologies influence decisions of social investors, the following approach was taken:

Firstly, the examination of the literature on education and specifically childhood development impact assessment methods, as well as active research through readings, research on philanthropy organisations and their methodologies in regard to impact assessment. Secondly, interviews with academics, as well as interviews with specialists on the topic of impact and education (think tank *Shipyards*, Educational Research Institute, Ashoka Poland) in order to better understand the state of non-governmental organisations working in Poland. Thirdly, around 50 different organisations and impact investors from the field of education and childhood development around the world were contacted. During the process of gathering information, the research and more profound interviews were narrowed down to organisations

operating in Poland and to foundations with global outreach. The research was narrowed due to proximity to Polish organisations and more effective research opportunities. Some of the organisations preferred sending out written answers to the questions from the interview. Semi-structured interviews (Appendix 1) were carried out with 10 diversified organisations (Appendix 2) reviewing their process of impact measurement, tools used and aspirations when it comes to impact goals. Depending on the size of the organisation, people interviewed were the ones responsible for impact assessment, specific educational programs, public relations or, were the chief officers of organisation.

All the information gathered were summarized in a systematic approach to new concept development and grounded with qualitative rigor based on the Gioia Methodology (Gioia, Corley, Hamilton 2012.) All answers were divided into concepts and themes. All ideas and dimensions that were repeated by the interviewees in different forms were thoroughly isolated and divided into four main areas. Some of those remarks and observations were backed by secondary research. All data and information used has exploratory character and allowed to grasp a context of the topic of impact assessment.

4. Sample group: differences, similarities, context

Organisations were divided into two main groups: partner organisations, investors whose main activity is financial back-up for the second group: on-the-field service organisations (Centre for Citizenship Education, Foundation “Music is for Everyone”, Association “Based in Warsaw”, National Fund for the Children, UNICEF) which are conducting their own projects with financial help of the first group (Bernard van Leer Foundation, Hewlett Foundation, Children’s Investment Fund Foundation). Sometimes this distinction may be blurry, specifically if an organisation conducts its own projects and at the same time carries out grant-making programs (Kronenberg Foundation, Orange Foundation) or relations

between organisations in various projects vary depending on the scale and character of actions taken.

It is important to note that although all of those organisations run programs focused on education, only few of them have a clear focus on childhood development or on education itself. The differences between organisations interviewed are huge: some of them are big, multinational foundations and some have grant-based operations in small towns. Yet, their interest and the way of understanding words impact, performance, evaluation and attribution allow to draw some conclusions regarding the problems, misunderstandings and directions that impact assessments may take in the future. The sample allowed this research to have a look at perspectives of different people from different backgrounds, who are ultimately working in the same field, to provide feedback on what impact and impact measurement is to them and how do they use it and understand it.

When asked about findings listed in the Literature Review, most organisations recognized that there is a growing interest in measuring impact and some of the tools and methodologies have a growing potential to be used more consistently (i.e. theory of change/logic model). However, there was a common feeling that there is a lack of substantial influence between proven impact and efficient funding. Answers to interview questions were almost always surprising and somewhat remote from the subject of the question itself. In the process of the interview it wouldn't be reasonable to make respondents answer all of the questions directly as they had interesting remarks on the top of the interview. Semi-structure of the interview allowed questioning of organisations of various type and scale.

Another interesting point to note is that organisation that denied interviews resonated strongly with the discussion that the interview brought but for many reasons (time, underemployment, small teams etc.) were not available to talk. Some (3) of them were developing appropriate frameworks and supporting systems to enable the process of shifting measurements to

organizational impact contributions and did not want to talk about the process before it was finished.

5. Key results

1. Investors demand performance and look for impact

According to all of the interviewees the most effective incentive to assess impact is a donor who expects evidence that the money invested will bring the promised social change. Even though the literature offers a wide number of tools and guidebooks for non-profits and social entrepreneurs, the fact is that virtually no service organisation will start measuring the impact without a clear incentive from the donor.

Although some organisations may say: "our effects are not subject to measurement", the majority of interviewees agreed that such fears and doubts often arise from misperceptions. As donors come with "pay and demand" approach and as awareness of the importance of measurement increases, organizations are less cautious about such requirements. It still happens, that it is the organisation applying for the grant who is the initiator of wider impact evaluation. In such cases, we usually deal with an experienced organization that applies for funding from a less experienced donor. In reality the relationship is rather the opposite. Focus on research is also modest when the main investors are less experienced companies implementing meager CSR strategy.

Even though it is less and less often that investors do not expect any results, usually it is not the impact measurement being required but the performance indicators. Easier to measure and more quantifiable, they're also more straightforward to understand and present to the board. Impact is understood as a personal story of beneficiaries suitable for a public relation campaign but not for an assessment whether an investment or a philanthropic donation was done properly.

II. Aggregated impact studies require financial structure

The most commonly recalled problem was the question of financing more aggregated impact studies. All organisations, regardless their scale, try to measure their performance: how are the programs going on, what could be done better, how many beneficiaries did organisation reach etc. Those measurements are entrenched in organisations structures and usually are part of every grant budget proposal, usually varying from 2% to 5% of project value. Requiring more extensive research is, however, a task that surpasses many organizations, and also, considering their scale, would be inadequate expense. It has to be an initiative of the donor to run wider research or to propose a longer-term perspective of the study. Otherwise there simply won't be any funds for that. None of examined service organisations monitored in systematic way the lives of their beneficiaries and impact of their work on their development. Some have better conditions for informal control due to the organizational structure of their operations. For example, an organisation that cooperates with children from primary school up to the age of 18, can observe the development of children participating in the program and, as some of them may become volunteers to the program afterwards, to keep in touch with them for a longer period of time. However, the proximity with the beneficiaries cannot replace a professional evaluation of the impact of the organisation. Organisations express their interest in running bigger evaluations but in order to be able to do one, they would need to gather additional funds. From the perspective of organization's activities, information on how one of the participants is doing after the program is not a sufficient basis to make any conclusions or to deploy any far-reaching changes to the program.

Most members of the Donors Forum in Poland try to evaluate the effects in some way. (Polish Donors Forum, 2015) In search of a better understanding of effects and objective evidence, more thorough and profound evaluation studies would allow organisations to go step further and apply more targeted programs. Organisations with specific focus and know-how, like

Foundation “Music is for Everyone” conduct independent research showing that their assumptions are science based. Music affects children positively even if the impact of it cannot be easily seen or measured in a small study. It is crucial in any case that investors have clear goal of why they decided to fund this kind of project and what are their goals. With such a solid foundation impact assessment can play the role it is designed to be.

III. Impact can be told by stories

Depending on their size and experience of the organisation the model of intervention used can be more or less elaborated. At the same time, all of the interviewed organisations indicated that impact in its essence is sometimes too difficult to be measured. Some show their impact by telling stories and observing personal relations of children and their environment with how *impactful* their work was. Impact can be "measured" as a final word, inspirational story, example of success.

Most foundations have strong interest in both formative and summative evaluation and increasingly focus on short-term performance measurement in order to be able to change the programs while they are still running as programs have learning purpose. When it comes to balance between impact and outcome assessment all donors focus on performance indicators and not on broader impact assessments. Being aware that other donors and organizations are also contributing and that the world is changing it would be difficult to measure and extract impact itself.

IV. Cooperation: contribution and attribution dilemma

Understanding the difference between performance and impact may be as important as understanding a difference between contribution and attribution. *““Attribution” is the idea that a change is solely due to your intervention. If I run a humanitarian programme dedicated to handing out buckets, then the gift of a bucket is ‘attributable’ to my programme. I caused*

it, and nobody can say otherwise. "Contribution" is the idea that your influence is just one of many factors which contribute to a change." (Aidleap, 2017)

When thinking about indicators, it is worth considering to what extent we can say that a given situation impact is actually caused by organisations intervention. This is a common challenge to determine attribution and must be arbitrary because the impact of various factors on a given situation cannot be separated. Contribution of the donor to the education in the country is miniscule in scale - so it cannot really say "we attributed to xyz" but it can show specific cases and performance evaluation of programs. When we cannot determine the real causes and scale of their impact, we can simply list all of which we are aware of.

Representatives of organizations have repeatedly mentioned the problem of contribution: investors, specifically less experienced corporate foundations, want to have greater attribution and leave the biggest trace on their actions, so they often offer grants only for additional, specially created programs under their patronage, instead of backing daily activities of organizations: "It's very cool, what are you doing, but maybe together we will do something completely different?" is not a favourable scheme. Donors have tendency to focus on attribution. The problem of corporate donors is project-based thinking that does not allow employees look at the bigger picture and forcing new programs in order to create a sense of greater contribution. Of course, in the end, the most important question of every assessment would be "what difference did the program make?"

V. Immature corporate partnerships

Partnerships with corporate partners and corporate foundations for many smaller organisations are a fight of trades-off. The problem is not only contribution/attribution dilemma but also mission shifting in private and corporate foundations - they may change their ideas about what they want to do and quickly lose interest in organisations they've been working with. Just as politics (when it comes to government-financed programs) influence

budgets of non-profits, in the same way changes in private and corporate foundations do. Only few foundations have strong strategies that do not allow such shifts but in any case well financed non-profit look for various sources of financing. This, in regard to assessments brings trade-offs between independence and financing. It is very important to find safe ways to discuss what is not working in the implementation of a given program, what kind of failures are borne by the grantees. If the reality must be glued in the relationship with the donors, because it depends on obtaining funding, i.e. when the donor is more interested in PR and communications of its brand than in final impact of the project, than a situation for the organisation is very difficult. This is a frequent dead end, which consists in the fact that the truth is hidden and the chances of effective action are falling, because it is in everyone's interest to maintain an ineffective status quo.

On the other hand, Orange Foundation runs nationwide MegaMisja project, which could be an example of a good practice of binding a mission of a company with public benefit program as it fits into the Orange company's goals of building modern digital competences but at the same is based research and existing resources. Those programs are integral element of the process of the company's impact, and thanks to the evaluation of effects, the Orange Foundation leaves a precisely described element for the overall impact measurement.

VI. Influencing policies

Influencing policies means that an organization has the ambition to change the whole field in which it wants to act, that is, for example the basic motivators of people, rules and cultural scripts, which activities are required, allowed, forbidden. On a country level the evaluations happen over longer time span - in order to get to learn how things are working there and be able to come up with good conclusions and recommendations. Children Investment Fund Foundation and Bernard van Leer Foundation have strong incentives to influence policies on

early childhood development around the world. Running trustworthy evaluations allow them to inform decision making and generate fresh credible evidence where needed.

Organisation can contribute to social innovation not solely by running their own programs but also by influencing social change on the country level. On the impact level such change would be a system or a framework change (Kim M., 2015). According to a study carried out by Ashoka and the Institute for Social Studies at the University of Warsaw (Ashoka Poland, ISS UW) the main barriers for social innovation are connected to cooperation, learning and security problems. Weakness of evaluation and lack of knowledge exchange skills are playing a big role in building those barriers.

VII. Evaluation as a learning process

From the perspective of almost all organisations evaluation has also a learning purpose: improving and disseminating knowledge to support greater impact. Enhancing existing data systems by improving quality as opposed to generating parallel system to meet short-term data requirements is one of the goals of every well-conducted assessment. Conducting a reliable impact evaluation requires some competence and experience. In particular, knowledge in the field of evaluation and methodology of social research is needed. Therefore, even if the assessment of the effects is carried out by hired evaluators, its quality and usefulness is decisively dependent on the team's competence.

A thorough rethinking and elaboration of the model of intervention used by the organization (i.e. its model of theory of change) is an essential element of the functioning of the learning organization, it also allows the organization to mature in its development and in its own activities. The chances that the assessment of effects will be useful, increase very much when the organization knows more or less what decisions regarding the development of activities, projects and programs to await it in the future. The assessment of performance and impact can then provide the data needed to make these decisions. An organization with a good strategy is

better prepared to evaluate the effects, because it knows which questions to pose. Another important mark is the fact that organisations need consistency in the data collection. Literacy in the field of data science will allow organisation officers to better understand what are the implications of information gathered but the data itself has to be collected regularly and adequately, which requires sufficient investment.

VIII. Fit for purpose

In all cases methodology of measurements and assessments strongly varied by project: in bigger projects and grant proposals those were mixed methods approach and sometimes random control trials. In smaller one, simple methods of performance measurement questionnaires and interviews. That means that due diligence process is rare and happens only in very big interventions. The indicators developed by the policymakers play almost nonexistent role in the process of creating tools for service organisations. On one hand Association “Based in Warsaw” uses the simple materials developed by mentioned earlier evaluation handbook by the Ministry. On the other hand, for instance, at UNICEF a special Evaluation Office is responsible for assessments. (Evaluation Office, 2017) Undoubtedly, both organisations run programs of a different scale and applying the same evaluation methods to both would be a grave misunderstanding. The choice of the method depends on the level and specificities of the program. Organisations avoid one-size-fits-all approach to evaluation because it has to be designed for specific intended users. The only tool mentioned and used by almost all, regardless scale, was the theory of change. All interviewees agreed that teams and partners should consider evaluation not only in context of reporting but also in the context of action so the evaluation efforts could be acted on, rather than treated as an information that’s merely nice to know. Presumably, using similar tools would mitigate the risk of diversification and allow organisations to measure their impact in comparable way but

those measurements would be designed to satisfy researchers and institutions as happened in case of Acumen. (Acumen+, 2018)

IX. Internal and external expertise

The knowledge of the area with which organisations deal with, is crucial to effective program or intervention for both investors and investees. What is important, such recognition is necessary not only at the beginning, when the program is created but it is needed constantly. Regular diagnosis of the selected area and areas related to it allows service organisations to better react, adapt tools, establish new partnerships or understand the logic of competition.

Some organisations, specifically the smaller ones, indicated that there is a specific momentum when in order to apply for a bigger grant or create a wider program, an organisation has to run deeper assessment in order to be eligible for the grant proposal. FASE (Financing Agency for Social Entrepreneurship) recognises the problem of strategic financing gap at growth stage of social enterprises when organisations are already too big for donations and yet too small for social investors. Organizations with wider focus pointed out that non-profits need backing not only for their projects but also to understand their own problems. They usually don't have funds to fix their own organisational approach and they need support for that as well as for quality and impact assessments. There are donors offering funds for that and organisations offering professional help. Learning from failures is a common topic when it comes to companies and projects but could be also translated into the language of non-profits and third sector with the use of performance and impact assessments. (Edmondson, 2011)

X. Evidence for credibility

Once organisation have collected data and evidence confirming the effects of their organization, it would be a waste not to show them to the world. The more bizarre is that not all interviewees brag about their results. Foundations of global scale publish reports and assessments regularly, smaller organisations to a limited extent. Reports are valued as tools

necessary to improve their operations or grant requirement. When there are no impact evaluations but only performance assessments, then they do not have the same marketing value. Many interviewees perceived boasting about impact and performance a non-professional way of working in the thought of saying: “A barking dog never bites”.

Even though every respondent agreed that donors are more willing to donate money to the organisation’s activities that can prove its positive impact, not all of them seen the need to keep them public. As smaller organisations did not have the ambition to create policies or disseminate knowledge, they don’t see the breakthrough in giving an example to enrich the discussion about how to deal with a given problem.

According to the report by Goldys et al. (2017) effects data is the best way to convince stakeholders that the work done by the organisation makes sense and is worth continuing. New partners and allies will appear because organization will gain credibility – it will be perceived as effective and professional. The public can improve their opinion on non-governmental organizations as a whole sector – currently less than half of Poles say that they solve significant social problems and see the effects of their actions. One of the foundations of the social sector is its credibility. Without publishing assessments and evaluations, it is difficult to talk about transparency and culture of the work for the common good.

XI. Universal evaluation language

As organisations grow, they learn how to approach donors and how to use more professional terminology. A natural part of this process is learning assessment and evaluation *language*. A common thread is that in the process of applying for more developed grant programs organisations learn how to use theory of change or are forced to use new indicators. In order for the measurement of effects to be feasible, it must be a common and understandable process for all those who are involved in the implementation of the program. For new organisations, learning this language, may be considered an entry cost. The language is also a

part used in organisation itself: all employees should be maximally oriented in what organisation is trying to achieve and what are the most important elements to make it feasible. It is the cooperation between donors, grantees and beneficiaries which is the most important and without it the process of data collection is not attainable. The constant flow of information, data and thought between those who transfer funds and those who invest in specific activities is very important. Without a harmonious support of this exchange, there is no question of an effective change or its measurement.

6. Conclusions

It is difficult to say whether there is a clear alignment between funding and impact assessments. Donors and social investors don't follow simple rules which projects and programs to choose, mixing their potential, reach, influence and sometimes personal beliefs and preferences in those decisions. Acknowledging the wide range of investors and donors, we have to be aware that different motives may stand behind their contribution. Understanding each investors impulses in case of fundraising may be one of the most important factors in gathering assets. The most surprising conclusion from the research would be the fact that processes behind social investment are chaotic and not entirely rational.

Nonetheless, all donors expect some kind of evaluation and would choose a more experienced organisation as a partner due to its credibility. Impact and performance assessment play a huge role in being such proofs, so those could be treated as an investment for the future development and a part of long-term planning in an organisation and a form which allows them to learn how to work and plan better. Due to the lack of sustainability in the Polish non-governmental sector, running proper evaluations could be a distinctive argument for an organisation while applying for funding. Additionally, it is also a tool that allows professionalization in many other forms, including communication forms. Investors look for indicators they can show to the boards and impact stories that can be told for the purpose of

communication. Meeting those requirements and keeping on with being independent within the mission may be a fairly difficult task for growing organisations.

We have to realize that broader impact studies are still out of reach of many and that an entry cost for an organisation to be eligible for such evaluation is sometimes too big to cross. However, there are available funds for organisational growth provided by some of the investors, government and the EU, which could be a way out of the funding gap.

7. Future research opportunities

Keeping in mind all the limitations of this Work Project, the future research opportunities are being widened for future development, specifically in the area which would find more linkages between financing and impact.

Firstly, running a more quantitative research on how those two factors align would be an interesting point. Using a bigger sample and mapping linkages between impact assessments and investment could give directions to organizations and would be a better groundwork for recommendations for investors and investees of various character.

Secondly, a deeper study on investor expectations and ways of creating partnerships in social projects would allow us to better understand how to facilitate the flow of funds to service organisations. How can we create a system in which responsible organizations find investors interested not only in questionable corporate social responsibility programs but also in the effects and impact of our actions? Is transparency important? Running a quantitative study researching the basis of credibility for social organisations comparing the ones showcasing their impact with the ones which are not could add an important opinion in the discussion.

Thirdly, looking at the Literature Review we can see a wide gap between the practice and theory. Small organisations measure performance as it is a part of grants, bigger organisations create their own ways and systems of measurements. Uniformizing the use of tools, making them more applicable for organisations of different scale and size would probably allow more

agile exchange of knowledge and could influence the potential of innovation in the social sector. More profound study on common effort could bring new ideas on how to merge impact using assessments as a mechanism facilitating knowledge exchange.

Fourthly, the most universal management and measurement tool mentioned by almost every organisation was the least complicated and most flexible one: the theory of change. For academia this tool is not a novelty but in practice many organisations are only starting to use it in everyday work. Even though it has its limitations, its advantage with an easy to use design helps smaller ones to find their most basic sequences and identify their issues. As it also has been said, this tool allowed organisations to apply for more financial opportunities since it is being used in the form of a common impact language. Case study, investigating what is the impact of the use of this model, could help us understand how bottom-up innovations emerge.

Appendix

I. Interview structure

1. Global impact assessment:

- a. What are the main reasons for the organisation to assess its global impact?
- b. What tools are being used in the process?
- c. Is it measuring performance (inputs, activities, outputs and outcomes) or impact itself? How does it differentiate between those two?

2. Cooperation

- a. Does it expect from the organisations it works with to strictly assess their processes? How strict it is in reality?
- b. Does the organisation prefer to work with organisation whose assessments were done before? Does it influence the way it manages its projects and organisations it chooses to work with?
- c. How does it mitigate the risk of impact trade-offs (how does it stay innovative)?

3. Reasons

- a. What are the main reasons for impact assessment?
- b. Is it aspirational (meaning are there goals that the organisation wants to achieve)?
- c. What is the time framework for those evaluations?

4. Scope

- a. Does it use different assessment methods in specific projects (performance/impact) or is the process standardised?
- b. What is the scope of the assessment? Is it used for communication purposes?
- c. What are the time frameworks for the assessments?

II. Sample

	Name	Outreach	Focus	Type	Total assets	Base	Website
1	Bernard van Leer Foundation	global	Early Childhood Development.	private foundation	+/- 23 mln EUR	The Netherlands	https://bernardvanleer.org/
2	Hewlett Foundation	global	Education for all, environment, developing countries, health and economic well-being of women, performing arts.	private foundation	+/- 9.9 bln USD	USA, San Francisco	https://hewlett.org/
3	Children's Investment Fund Foundation	global	Childhood and adolescence, climate change, child protection.	independent philanthropic organisation	+/- 4.7 bln USD	United Kingdom, London	https://ciiff.org/
4	Kronenberg Foundation	Poland	Economic and entrepreneurial education, innovations in education.	corporate foundation	+/- 4 mln PLN	Poland, Warsaw	http://www.citibank.pl/poland/kronenberg/polish/index.htm
5	Orange Foundation	Poland	Innovative education.	corporate foundation	+/- 3 mln PLN	Poland, Warsaw	https://fundacja.orange.pl/
6	National Fund for the Children	Poland	Program support for exceptionally talented children.	association	+/- 2.4 mln PLN	Poland, Warsaw	http://fundusz.org/
7	Association "Based in Warsaw"	Poland	Cultural education.	association	grant based	Poland, Warsaw	http://www.wwarszawie.org.pl/en/team.html
8	Foundation "Music is for Everyone"	Poland	Musical education of children and adolescents.	private foundation	-	Poland, Warsaw	https://www.muzykajest.pl/
9	Centre for Citizenship Education	Poland	Effective education, teacher-training institution.	public benefit organization	+/- 8 mln PLN	Poland, Warsaw	https://glowna.ceo.org.pl/english
10	UNICEF Poland	Poland	ECD, child protection, child rights.	National Committee	N/A	Poland, Warsaw	https://www.unicef.pl/

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